

Rewald's finances detailed in report

By Walter Wright
Advertiser Staff Writer

Ronald R. Rewald took \$4.7 million from his "bogus investment counseling" firm for "personal spending," the bankruptcy trustee said yesterday.

The firm took in \$20.4 million, paid back \$10 million to investors and had \$5.4 million in business expenses, said trustee Reynaldo Grauly in a report

filed in federal court.

Grauly said Rewald's company — Bishop, Baldwin, Rewald, Dillingham and Wong — owes 318 investors \$12.6 million.

But another 81 investors took out more than they put in and owe the company \$2.3 million, he said.

"The report shows precisely to the penny how Rewald spent investors' funds, and it shows clearly that he didn't spend it

on any investments," said James Wagner, attorney for the bankruptcy trustee.

"The money coming through the corporation was never invested in anything."

Rewald, free on \$140,000 bail pending trial on two state theft charges, was on the Mainland last night and could not be reached for comment. His attorney, Robert Smith, had no comment.

The company received \$2,711 from the Central Intelligence Agency as reimbursement for telephone and telex expenses it incurred for the agency, the report said.

Rewald has filed a damage suit against the CIA, claiming that the agency told him to establish the company and several other cover operations. He says the CIA used the firm to shelter its own money and that of highly-placed foreigners.

Wagner said the bankruptcy report indicates that Rewald made no investments for the CIA or anyone else and that the source of all the funds is known and the CIA accounts for less than \$3,000 out of \$20 million.

It is "conceivable," Wagner said, that the CIA could have pumped money into the company through individual investors, but "to believe Rewald, it would require that a large portion of the investors had to be (CIA) agents."

Wagner said the report and analysis indicate that money Rewald deposited in his name in company accounts was taken from the company, from the sale of a house he bought with company funds and from investors directly.

A 4-inch-thick printout accompanying the bankruptcy schedule lists all of the banking transactions the company made from 1979 to August 1983, when it closed its doors following Rewald's suicide attempt.

The names of two Hawaii celebrities appear in the document.

Danny Kaleikini is shown as the recipient of a \$10,426 loan. Kaleikini could not be reached immediately, but Tim Holzer, another attorney for the bankruptcy trustee, said the money

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Coast investors face big losses

United Press International

LA JOLLA, Calif. — The prospect of 40 percent annual returns enticed 1,500 investors to pop their money into \$50,000-and-up accounts with J. David & Co., an investment firm here that specializes in foreign currency trading.

The investors now face heavy losses.

Investor lawsuits seek to force the firm into involuntary bankruptcy, citing bounced checks and difficulty in withdrawing funds. Operations have been turned over to a court-appointed trustee, retired Municipal Judge Earl Cantos, who is trying to locate \$125 million in investors' money.

The firm's founder, J. David "Jerry" Dominelli, has told Cantos that the money is in European banks, but he won't say which ones. Cantos said in a court document, "Crucial documents and records have been removed, and their whereabouts are unknown."

A former company insider told The San Diego Union, "There's only \$30 million left at most and that is before the bankruptcy attorneys get their share."

Dominelli, a securities broker or five firms in the previous seven years, created J. David & Co. in 1979.

Plush offices were opened in

Newport Beach, Los Angeles, San Francisco and Chicago. An estimated \$6 million was paid in bonuses to lure 60 stockbrokers handpicked by Dominelli. Luxury company cars were thrown in as fringes.

The firm quickly became the darling of high-rolling investors. It paid them an average of 4 percent per month on their funds. The investment pool reached \$150 million at its peak, according to former executives.

The company's fees, equivalent to 20 percent of reported gross profits, brought in an estimated \$800,000 a month. Apparently, company overhead started running even higher.

What went wrong is a matter of speculation, since Dominelli pretty much controlled operations himself.

A shortage of liquid assets became apparent. Some unwise investments by the principals are known. Extravagant spending by company officers was obvious. The company gave generously to charities.

Dominelli and his partner, former Del Mar Mayor Nancy Hoover, owned six large estates between them and a fleet of Porsches, Ferraris and Mercedes.

Company contributions to international auto racing reportedly totaled more than \$4 million in recent years.



This toy snake is the

Hang at White

United Press International

WASHINGTON — there were concrete placed around the House to guard against terrorists. Now there are — rubber reptiles being from the trees to scare messy birds.

The toy snakes are branches of three meters on the South Lawn, the Rose Garden and residence portion White House.

A spokesman for the House usher's office said artificial snakes were there to scare off those who like to roost magnolias at night.

He said their display could endanger the which include one place Andrew Jackson, who as president from 1837.

The 6-foot snakes latest in a series of that have been tried away the starlings, w

'Not one drop of oil'

Iran warns U.S. against int



United Press International

LONDON — Iran accused Iraq yesterday of launching at-

to compensate for their disgrace in Lebanon with adventurism and support for Iraq, it is impos-

Iraq launched rocket at the cities of Khorram and Borujerd 140 miles ins

Report details Rewald

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appeared to be for repair of a car for the singer.

The report also said Rewald paid Jack Lord \$45,000 for a van. Lord said last night that he money was payment for a custom travel coach he sold Rewald in 1982.

Lord said "it was an arm's-length deal" for the 30-foot custom coach which he used on location when filming his "Hawaii Five-O" television series here. Lord also said the bankruptcy trustee is fully aware of the transaction.

He said he had had the coach appraised and had been trying to sell it for \$50,000 when Rewald saw it, "fell in love with it" and bought it for \$45,000.

Lord said that transaction and two visits to the Hawaii Polo Club field at Mokuleia as Rewald's guest were the extent of his relationship with Rewald.

The vehicle is listed among the 13 still registered in the name of Rewald or his wife, Nancy — including three Cadillacs, two Mercedes, a Rolls-Royce and a Jaguar.

The records show Rewald spent \$250,000 buying cars and

another \$104,000 maintaining them.

The report says Rewald also spent \$7,187 on campaign contributions, including funds for Ronald Reagan, John Waihee, Dennis O'Connor, Fred Rohlfing and Eileen Anderson.

He spent \$9,480 on flowers and fruit; \$14,038 for advertising; \$16,207 for dues and magazine subscriptions; \$66,337 on boats; \$67,000 on donations and gifts; \$82,321 on jewelry and art; \$102,000 on his relatives; \$116,700 on personal insurance.

He spent \$154,000 on personal travel; \$157,600 on residence repairs and maintenance; \$218,882 on "personal cash including payroll"; \$225,750 on household help, including \$132,000 for school and tutoring fees; \$244,000 on personal loans; \$262,000 on Oahu Ranch.

He spent \$278,000 on Hawaii Polo, plus another \$263,000 on "horse-related" expenses on animals named Doxie, Sierra, Feather, Breezy, Serita, Clyde, PR, Barn Fly, Gucci Command, Moon Daughter, Caramel, Shadow, Gem, Cali, Sweetheart, Evita and Maggie.

He spent \$522,880 on Waimanalo Ranch and \$806,000 on Sports Hawaii, a company now

worth only about \$20,000, according to Wagner.

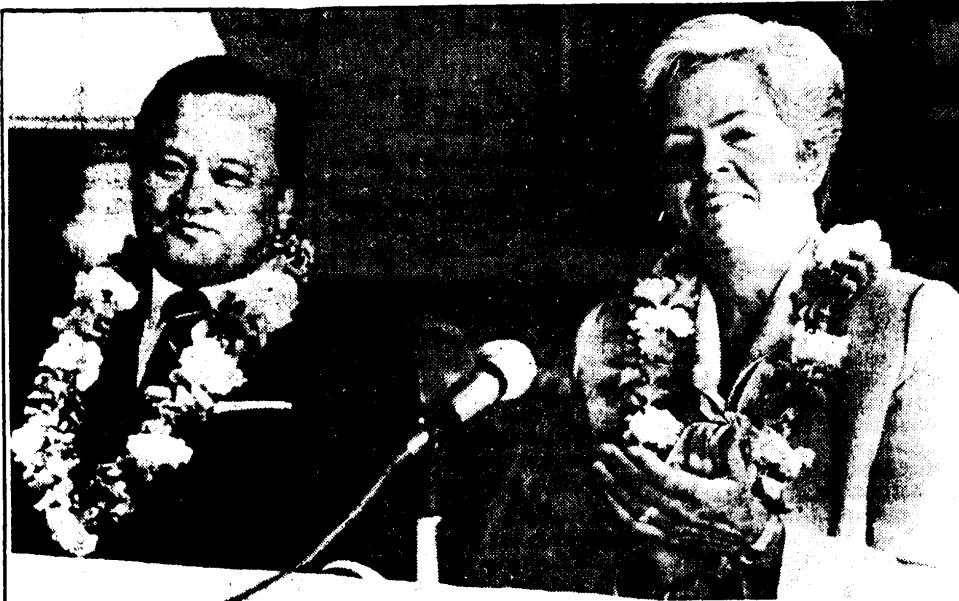
He spent \$655,856 on residences. The most recent residence, a million-dollar waterfront home on Kalanianaʻohi Highway, is not listed among the estate's assets because it still in Rewald's name.

Wagner said the trustee will try to help investors recover some of Rewald's assets, but it still appears that investors will get back no more than 10 cents to 20 cents on the dollar of the money.

He also said the trustee will try to recover about \$1 million that went out of company accounts in the last 90 days before the bankruptcy: the \$2.4 million owed back by some investors; any loans; and the proceeds of any fraudulent transactions within 12 months of the bankruptcy.

The records show that several individuals in addition to Rewald received large sums of money from the company for a variety of reasons, including interest on deposits, salaries and fees.

Attorney Russell D.C. Kim is shown as receiving \$827,014 from his investor account at Bishop Baldwin. But, the report



Advertiser photo by Charles Okamura

They're mayors of sister cities

Shui-Teh Hsu, mayor of the Taiwanese city of Kaohsiung, and Honolulu Mayor Eileen Anderson field questions at a press conference yesterday that capped a five-day visit by Hsu and other officials from Honolulu's sister city. Hsu said a tour of Iolani Palace made him more aware of how many historic buildings are disappearing to make way for progress in his industrial city. He said he hopes the two cities can exchange information on tourism and other areas of economic development. Anderson visited Kaohsiung in November.

Jump in prices is the highest since

Los Angeles Times Service

WASHINGTON — Consumer prices, pressed by sharp increases in the cost of food, heating oil and phone service, rose 0.6 percent in January, the largest jump in the inflation rate since April, the Labor Department reported yesterday.

Half of the gain in the January index resulted from substantial boosts in food

"Inflation is going to come back with a vengeance," he said.

Grocery store prices rose 2.4 percent in January, the largest increase since February 1974.

Electricity rose 0.4 percent last month, while natural gas prices declined 1.1 per-

cent. Gasoline prices fell in consecutive months in January.

The January price index for consumers was 305.2 of goods and services, which would have cost \$

finances report

says, only \$337,000 was ever deposited in the account, making Kim an "investor/debtor" who owes the estate \$490,014.

Records also show Rewald personally paid Kim \$47,000 in legal fees.

Another attorney close to Rewald, Robert Jinks, is shown as receiving \$1.2 million from an account into which only \$683,000 was deposited. The report says he owes \$582,000.

Jinks also shows up on the payroll receiving fees totaling more than \$47,000.

The report also said six-figure sums are owed by Dr. John Ebert, who was an early investor, and company consultant Ralph D. Black. Black also received \$88,000 in attorney's fees from the company, the report says.

Another attorney who did work for Rewald was Dana W. Smith, shown as receiving more than \$183,000 in fees.

Sunny L.S. Wong, an officer of the company, received \$103,000 in fees and salary in a three-year period. As an investor, Wong put in \$44,000 and took out \$34,000, according to the report.

The report also said that certified public accountant Jerard Signori was paid nearly \$150,000; employee Richard Spiker was paid \$87,686; and Michael Dailey was paid almost \$67,000 as a consultant.

John Kindschi, former station chief for the CIA in Honolulu, was paid more than \$68,000 by the company, sometimes as a \$60-per-hour consultant, the report said.

As an investor, Kindschi put in \$185,000 and took out \$175,000, including \$140,000 days before the collapse.

Kindschi had another account jointly with Hazel Kindschi in which \$40,000 was deposited and withdrawn.

Kindschi's successor at the CIA, Jack Rardin, shows up as an investor of \$1,500 who withdrew \$2,328 in May 1983. Rewald even made a \$20 contribution to Rardin's barbershop singing group.

Sue Wilson, an aide to Rewald, got \$63,416 in salary from April 1981 to July 1983.

Gerald Lam, part-time per diem district court judge, was paid \$63,000 by the company in fees and salary. Lam's investor account shows \$173,000 deposited and nearly \$45,000 withdrawn.

Daniel Clement, former city councilman, shows on the report as receiving \$13,000 from the company in the six weeks before it collapsed.

nce April

ine prices declined for the fourth month — down 1.1 percent in

January price index for urban consumers 305.2, meaning that a selection of services that cost \$100 in 1967 cost \$305.20 last month.

court asked to

pecial election soon after the initiative's approval, the county helped ensure opposition groups couldn't have time to organize and that the public wouldn't have a chance to study the issue, the complaint says.

It cites numerous allegations of violations of laws requiring careful safeguarding of ballots and lists many areas of possible abuse of the absentee voter process.

Kauaians for Nukolii made unprecedented use of a law that allows voters to request absentee ballots without giving a reason. Kauaians sent out thousands of absentee ballot request forms and urged voters to get their ballots early and to vote them.

The Committee to Save Nukolii, which has opposed the resort

at the beach outside Hanalei, cited procedures it considered irregular.

• The absentee ballot form had a due date two weeks earlier than the actual date set by the county clerk. This might have convinced voters they had less time to decide than they actually had, the complaint says.

• Kauaians for Nukolii was allowed to receive absentee ballot voter requests, had access to the information on them and hand-carried many to the clerk's office, it says.

• "The tendency of some voters to vote a particular way can often be ascertained from the name and address alone," the complaint says, and it argues that Kauaians for Nukolii "had the opportunity to de-

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s into town, tru

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ame but fans aren't always sure just what he does beyond appear in a different loud outfit he has a \$100,000 wardrobe) very night and serve as fall guy for the boss.

"They see me on the 'Tonight show,'" he said, "and the music comes as a surprise. I don't play that much on the show."

What Carson fans may not know is that Severinsen, 55, plays two, sometimes three concerts on the road every weekend, year in and year out.

He regularly plays the show circuit from Las Vegas to Atlantic City; works out with Xebro, his jazz fusion band; recently recorded with the London Symphony Orchestra; and is designing trumpets.

After Honolulu, he's back to Burbank, then Flagstaff, Ariz. ("Don't forget Winona") and New Orleans for the Mardi Gras.

"I love traveling," he said backstage, "especially when it brings me here. I want to sit out in the sun, get a tan. I need it."



Doc Severinsen (left) puts his lips with the backup group — the Ho

ttlement

proved in next week's round of ratification votes. He said another member of the Unit 13 committee, Mike Miura, had given him a letter "which says that Bohm is sneaking only for

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